

Message Text

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 8036

C O N F I D E N T I A L JAKARTA 15586

E.O. 11652: GDS

TAGS: TSPA, ID

SUBJECT: LAUNCH VEHICLE CAPABILITY

REF: (A) STATE 288147, (B) STATE 286169, (C) SEPTEMBER 7 IFSHIN/
REUEL MECON

1. SUMMARY: WE SUSPECT LAPAN PROPOSAL (REF A) WAS NOT COORDINATED WITH OTHER GOI AGENCIES, AND WE DOUBT GOI IS INTERESTED IN OR WOULD CONSIDER FINANCING THIS SCHEME. NEITHER DO WE BELIEVE INDONESIAN NATIONAL'S CLAIM (REF B) THAT HE CAN OBTAIN TAIWAN FINANCING FOR LAPAN SATELLITE SCHEME. END SUMMARY.

2. INDONESIAN NATIONAL AERONAUTICS AND SPACE INSTITUTE (LAPAN) PROPOSALS FOR INDONESIAN SELF-SUFFICIENCY IN LAUNCH VEHICLE CAPABILITY WERE FIRST BROUGHT TO OUR ATTENTION BY ROCKWELL INTERNATIONAL'S ROCKETDYNE DIVISION EXECUTIVE VICE PRESIDENT NORMAN REUEL (REF C). FRANKLY, WE ARE SURPRISED ROCKWELL APPARENTLY TOOK LAPAN PROPOSAL SERIOUSLY.

3. WE ARE HIGHLY SKEPTICAL OF GOI'S REAL INTENTIONS WITH REGARD TO THIS PROGRAM. IT IS OUR IMPRESSION THAT LAPAN'S LINKS WITH OTHER GOI AGENCIES ARE WEAK. IT DEVELOPS GRANDIOUS SCHEMES WHICH ARE NOT COORDINATED WITH OVERALL INDONESIAN DEVELOPMENT PLANS AND WHICH, FREQUENTLY, ARE NOT EVEN COORDINATED WITHIN LAPAN ITSELF. LAPAN RARELY ABLE TO OBTAIN GOI FUNDING FOR ITS SCHEMES, AND ATTEMPTS
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TO SCROUNGE FUNDS FROM WHEREVER THEY MAY BE FOUND.

4. ACCORDING TO REF B AND INDONESIAN NATIONAL RESIDENT IN THE U.S., T.C. FAN, HAS CLAIMED THAT HE CAN RAISE \$800 MILLION FROM THE "GOVERNMENT CENTRAL BANK OF TAIWAN" TO FINANCE LAPAN'S SATELLITE PROGRAM ON THE STRENGTH OF FAN'S ALLEGED COMMITMENT FROM THE PRESIDENT OF INDONESIA TO ALLOW FAN TO SELL \$1 BILLION WORTH OF INDONESIAN OIL. WE HAVE NEVER HEARD OF FAN OR HIS COMPANY, FIRST RESOURCES INTERNATIONAL LTD., 250 N. NASH STREET, PALOS VERDES, CALIFORNIA. WE NOTE ALSO IT IS NOT GOI PRACTICE TO MARKET OIL THROUGH BROKERS. WE SUSPECT FAN'S CLAIM OF BEING ABLE TO OBTAIN \$800 MILLION FROM THE TAIWAN CENTRAL BANK IS AS UNRELIABLE AS HIS CLAIM TO BE ABLE TO MARKET \$1 BILLION WORTH OF INDONESIAN OIL.

5. EMBASSY DOES NOT BELIEVE GOI HAS ANY REAL INTEREST IN SATELLITE SCHEME, NOR DO WE BELIEVE FINANCING FOR IT LIKELY AT A TIME WHEN GOI FINDS IT DIFFICULT TO MUSTER CAPITAL IT NEEDS FOR HIGHER PRIORITY DEVELOPMENT GOALS. IN OUR VIEW LAPAN HAS LITTLE SENSE OF MISSION AND TENDS TO SCATTER ITS EFFORTS. AS A CONSEQUENCE IT IS IGNORED BY OTHER AGENCIES OF THE GOI, AND SPINS OUT NEVER-TO-BE-REALIZED PIPE DREAMS IN SPLENDID ISOLATION.
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